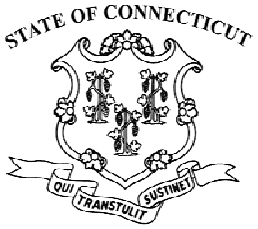

Senate Bill No. 1069

Public Act No. 05-39

AN ACT CONCERNING DOMESTIC AND INTERNATIONAL BANKING ACTIVITIES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Subsection (c) of section 36a-53 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) Whenever it appears to the commissioner that any Connecticut bank, Connecticut holding company, Connecticut credit union, **[**or**]** Connecticut credit union service organization or any related person of any such entity (1) is violating, has violated or is about to violate any provision of the general statutes within the jurisdiction of the commissioner, or any regulation, rule or order adopted or issued thereunder, or any condition imposed in writing by the commissioner, (2) is breaching, has breached or is about to breach any written agreement with the commissioner, **[**or**]** (3) is engaging, has engaged or is about to engage, in an unsafe or unsound practice, or (4) is using, has used or is about to use such related person's position in a manner contrary to the interest of any bank, Connecticut holding company, Connecticut credit union, federal credit union or credit union service organization, the commissioner may send notice and take action against the Connecticut bank, Connecticut holding company,

Connecticut credit union, **[**or**]** Connecticut credit union service organization or related person in accordance with section 36a-52. If the commissioner finds that the actual or threatened violation, breach, **[**or**]** unsafe or unsound practice or practices or use specified in such notice is likely to cause insolvency or substantial dissipation of assets or earnings of the Connecticut bank, Connecticut holding company, Connecticut credit union or Connecticut credit union service organization, or is likely to otherwise seriously prejudice the interests of its depositors or members, the commissioner may incorporate a finding to that effect in such notice and issue a temporary order requiring the Connecticut bank, Connecticut holding company, Connecticut credit union, **[**or**]** Connecticut credit union service organization or related person to cease and desist from any such violation, breach, **[**or**]** practice or use. The temporary order shall become effective upon receipt and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or the dismissal of the matters asserted.

Sec. 2. Subsection (d) of section 36a-65 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(d) (1) The fee for investigating and processing each application is as follows:

(A) Establishment of (i) a branch under subdivision (1) of subsection (b) of section 36a-145, as amended by this act, two thousand dollars; (ii) a mobile branch under subdivision (1) of subsection (d) of section 36a-145, one thousand five hundred dollars; (iii) a limited branch under subdivision (1) of subsection (c) of section 36a-145, one thousand five hundred dollars; (iv) a special need limited branch under subdivision (4) of subsection (c) of section 36a-145, five hundred dollars; (v) an out-of-state branch under subsection (j) of section 36a-145, a reasonable fee not to exceed two thousand dollars from which

any fees paid to a state other than this state or to a foreign country in connection with the establishment shall be deducted; and (vi) an out-of-state limited or mobile branch under subsection (i) of section 36a-145, a reasonable fee not to exceed one thousand five hundred dollars from which any fees paid to a state other than this state or to a foreign country in connection with the establishment shall be deducted.

(B) Sale of (i) a branch under subsection (i) of section 36a-145, two thousand dollars, except there shall be no fee for the sale of a branch of a Connecticut bank to another Connecticut bank or to a Connecticut credit union; and (ii) a limited branch, including a special need limited branch or mobile branch under subsection (i) of section 36a-145, a fee not to exceed one thousand five hundred dollars.

(C) Relocation of (i) a main office of a Connecticut bank under subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch or a limited branch under subsection (g) of section 36a-145, five hundred dollars.

(D) Conversions from (i) a branch to a limited branch under subdivision (3) of subsection (c) of section 36a-145; and (ii) a limited branch to a branch under subdivision (3) of subsection (b) of section 36a-145, five hundred dollars.

(E) Merger or consolidation involving a Connecticut bank under section 36a-125 or subsection (a) of section 36a-126, two thousand five hundred dollars if two institutions are involved and five thousand dollars if three or more institutions are involved.

(F) Acquisition of assets or business under section 36a-210, two thousand five hundred dollars.

(G) Organization of a holding company under section 36a-181, two thousand five hundred dollars.

(H) Organization of any Connecticut bank under section 36a-70, as amended by this act, fifteen thousand dollars, except no fee shall be required for the organization of an interim Connecticut bank.

(I) Reorganization of a mutual savings bank or mutual savings and loan association into a mutual holding company under section 36a-192, five thousand dollars.

(J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two thousand five hundred dollars; and (iii) section 36a-139b, fifteen thousand dollars.

(K) Acquiring, altering or improving real estate for present or future use in the business of the bank or purchasing real estate adjoining any parcel of real estate owned by the bank under subdivision (33) of subsection (a) of section 36a-250, five hundred dollars, except that no fee shall be charged for such application if it is filed in connection with an application under subdivision (1) of subsection (b) or (c) of section 36a-145, as amended by this act.

(L) Investigation and processing an interstate banking transaction application filed under section 36a-411 or 36a-412, two thousand five hundred dollars, unless the transaction otherwise requires an investigation and processing fee under this section.

(2) The fee for investigating and processing each acquisition statement filed under section 36a-184 is two thousand five hundred dollars, except if the acquisition statement is filed in connection with a transaction that requires one or more applications, a reasonable fee not to exceed two thousand five hundred dollars.

(3) Any fee for processing a notice of closing of a branch, limited branch or special need limited branch under subdivision (1) of subsection (f) of section 36a-145, if charged, shall not exceed two

thousand dollars. There shall be no fee for processing a notice of closing of any mobile branch.

(4) The fee for a miscellaneous investigation shall be the actual cost of the investigation, as such cost is determined by the commissioner.

Sec. 3. Subsection (e) of section 36a-70 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(e) Upon receipt of the feasibility study and financial forecast required by subsection (d) of this section, the commissioner shall issue an order designating a time and place for a hearing on the application. Such hearing shall be held in accordance with chapter 54 not more than thirty days from receipt of such feasibility study and financial forecast unless the commissioner determines that good cause exists to extend such time period. A copy of such feasibility study and financial forecast shall be made available to the organizers. Any exhibit or documentation submitted to the commissioner by the organizers at the time of filing or by the preparer or preparers of the feasibility study and financial forecast, other than financial statements and biographical information relating to the individual organizers, shall be available for public inspection prior to such hearing unless the commissioner determines that good cause exists to keep any such exhibit or documentation confidential.

Sec. 4. Subsection (f) of section 36a-70 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(f) The organizers shall cause to be published a copy of the proposed certificate of incorporation and the time and place set for the hearing **[**once a week for three consecutive weeks**]** for seven consecutive days not less than twenty days prior to the date of the

hearing, in a newspaper designated by the commissioner published in the town where the main office of the Connecticut bank is to be located or, if there is no newspaper published in such town, in a newspaper having a circulation therein. **[**; and a like copy sent by registered or certified mail, return receipt requested, to each bank and out-of-state bank having its main office or a branch in such town, not less than twenty days prior to the hearing.**]**

Sec. 5. Subdivision (1) of subsection (b) of section 36a-145 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) (1) With the approval of the commissioner, any Connecticut bank may establish a branch in this state. The commissioner shall not approve the establishment of a branch under this subsection unless the commissioner considers whether: (A) Establishment of the branch **[**will result in an oversaturation of depository institutions in the town in which the branch is to be located or in the area surrounding the town; (B) establishment of the branch**]** is consistent with safe and sound banking practices; **[**(C) the Connecticut bank seeking approval of the branch intends to operate the branch on a long-term basis; and (D) the Connecticut bank maintains, and will continue to maintain, a reasonable ratio of loans made in the state to deposits received from residents of the state. In determining whether to approve the establishment of a branch under this subsection, the commissioner shall not consider the existence of any office established under subsection (d) of section 36a-425 by the Connecticut bank, or by a holding company of which the Connecticut bank is a subsidiary, that is situated at or near the location of the branch**]** and (B) the branch will promote the public convenience and advantage. The commissioner shall not approve the establishment of any branch under this subsection unless the commissioner makes the findings required under section 36a-34.

Sec. 6. Subsection (b) of section 36a-198 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) For purposes of section 36a-196, the subsidiary holding company shall be treated as a reorganized savings institution issuing stock and shall be subject to the requirements of **[**that**]** said section. In the case of a stock issuance by a subsidiary holding company, the aggregate amount of outstanding common stock of the subsidiary holding company owned or controlled by persons other than the subsidiary holding company's mutual holding company parent at the close of the proposed issuance shall be less than **[**fifty-one**]** fifty per cent of the subsidiary holding company's total outstanding common stock.

Sec. 7. Subsection (a) of section 36a-333 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) To secure public deposits, each qualified public depository shall at all times maintain, segregated from its other assets as provided in subsection (b) of this section, eligible collateral in an amount at least equal to the following percentage of public deposits held by the depository: (1) For any qualified public depository having a risk-based capital ratio of ten per cent or greater, a sum equal to ten per cent of all public deposits held by the depository; (2) for any qualified public depository having a risk-based capital ratio of less than ten per cent but greater than or equal to eight per cent, a sum equal to twenty-five per cent of all public deposits held by the depository; (3) for any qualified public depository having a risk-based capital ratio of less than eight per cent but greater than or equal to three per cent, a sum equal to one hundred per cent of all public deposits held by the depository; (4) for any qualified public depository having a risk-based capital ratio of less than three per cent, and, notwithstanding the provisions of subdivisions (1) to (3), inclusive, of this subsection, for

any qualified public depository which has been conducting business in this state for a period of less than two years except for a qualified public depository that is a successor institution to a qualified public depository which conducted business in this state for two years or more, a sum equal to one hundred and twenty per cent of all public deposits held by the depository; provided, the qualified public depository and the public depositor may agree on an amount of eligible collateral to be maintained by the depository that is greater than the minimum amounts required under subdivisions (1) to (4), inclusive, of this subsection; (5) notwithstanding the risk-based capital ratio provisions of subdivisions (1) to (3), inclusive, of this subsection, for any qualified public depository that is an uninsured bank, a sum equal to one hundred twenty per cent of all public deposits held by the depository; and (6) notwithstanding the risk-based capital ratio provisions of subdivisions (1) to (3), inclusive, of this subsection, for any qualified public depository that is subject to an order to cease and desist, or has entered into a stipulation and agreement, or a letter of understanding and agreement with a bank or credit union supervisor, a sum equal to one hundred twenty per cent of all public deposits held by the depository, provided, the qualified public depository and the public depositor may agree on an amount of eligible collateral to be maintained by the depository that is greater than the minimum amounts required under subdivisions (1) to (6), inclusive, of this subsection. For purposes of this subsection, the amount of all public deposits held by the depository shall be determined based on either the public deposits reported on the most recent **[**quarterly call**]** written report filed with the commissioner pursuant to section 36a-338 or the average of the public deposits reported on the four such most recent **[**quarterly call**]** written reports, whichever amount is greater. For purposes of this subsection, the depository's risk-based capital ratio shall be determined, in accordance with applicable federal regulations and regulations adopted by the commissioner in accordance with chapter 54, based on the most recent quarterly call report, provided (A)

if, during any calendar quarter after the issuance of such report, the depository experiences a decline in its risk-based capital ratio to a level that would require the depository to maintain a higher amount of eligible collateral under subdivisions (1) to (4), inclusive, of this subsection, the depository shall increase the amount of eligible collateral maintained by it to the minimum required under subdivisions (1) to (4), inclusive, of this subsection based on such lower risk-based capital ratio and shall notify the commissioner of its actions; and (B) if, during any calendar quarter after the issuance of such report, the commissioner reasonably determines that the depository's risk-based capital ratio is likely to decline to a level that would require the depository to maintain a higher amount of eligible collateral under subdivisions (1) to (4), inclusive, of this subsection, the commissioner may require that the depository increase the amount of eligible collateral maintained by it to the minimum required under subdivisions (1) to (4), inclusive, of this subsection based on the commissioner's determination of such lower risk-based capital ratio.

Sec. 8. Section 36a-410 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

As used in sections 36a-410 to 36a-413, inclusive, unless the context otherwise requires:

(1) "Branch" means a domestic branch as defined in 12 USC Section 1813, as from time to time amended, except that "branch" includes any branch bank, branch office, branch agency, additional office, or any branch place of business at which fiduciary or trust powers are exercised;

(2) "Connecticut holding company" means any holding company whose home state is this state;

(3) "De novo branch" means a branch of a bank or an out-of-state

bank other than a foreign bank, which:

(A) Is originally established by such bank or out-of-state bank; and

(B) Does not become a branch of such bank or out-of-state bank as the result of (i) the acquisition by the bank or out-of-state bank of an insured depository institution or a branch of an insured depository institution; or (ii) the conversion, merger or consolidation of any such institution or branch;

(4) "Home state" means: (A) With respect to a federally-chartered bank, the state in which the main office of the bank is located; (B) with respect to a foreign bank, the state which is the home state of the foreign bank under the International Bank Act of 1978, 12 USC Section 3101 et seq., as from time to time amended, if any, or the foreign country by which such bank is chartered; (C) with respect to a state-chartered bank, the state by which such bank is chartered; (D) with respect to a bank holding company, the state in which the total deposits of all banking subsidiaries of such company are the largest on the later of July 1, 1966, or the date on which the company became a bank holding company under the federal Bank Holding Company Act of 1956, 12 USC Section 1841 et seq., as from time to time amended, and in the case of any such company that holds a banking subsidiary that functions solely in a trust or fiduciary capacity, the state in which the total of such trust or fiduciary assets of such subsidiaries were the largest on the date such company became a bank holding company; and (E) with respect to a savings and loan holding company, the state in which the total deposits of all savings and loan association subsidiaries of such company were the largest on the date on which the company became a savings and loan holding company and, in the case of any such company that holds a savings and loan association subsidiary that functions solely in a trust or fiduciary capacity, the state in which the total of such trust or fiduciary assets of such subsidiaries were the largest on the date on which such company

became a savings and loan holding company;

(5) "Out-of-state holding company" means any holding company whose home state is a state other than this state or whose home state is a foreign country.

Sec. 9. Section 36a-428f of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

Any foreign bank licensed to establish and maintain a state branch or state agency in this state shall **[**apply to the commissioner for approval to: (1) Change**]** file prior notice with the commissioner of any change to (1) its place of business from the place designated in its license to another place in this state; **[**, provided an application for such change shall be accompanied by an investigation fee of four hundred dollars; (2) change**]** (2) its corporate name if such change has been effected under the laws of the jurisdiction of its incorporation; and (3) **[**change**]** the business which it proposes to do in this state.

Approved May 17, 2005